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JUNE 1, 1964

WESTERN EUROPE'S
RISING FOOD PRICES

ITALY EXPANDS
ITS TOBACCO TRADE

BRITAIN'S BEEF MARKET

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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The French Government's battle against inflation is indicated by these signs on the windows of a Paris store calling for a campaign to stabilize prices. (Photo, Rapho Guillumette)

Contents

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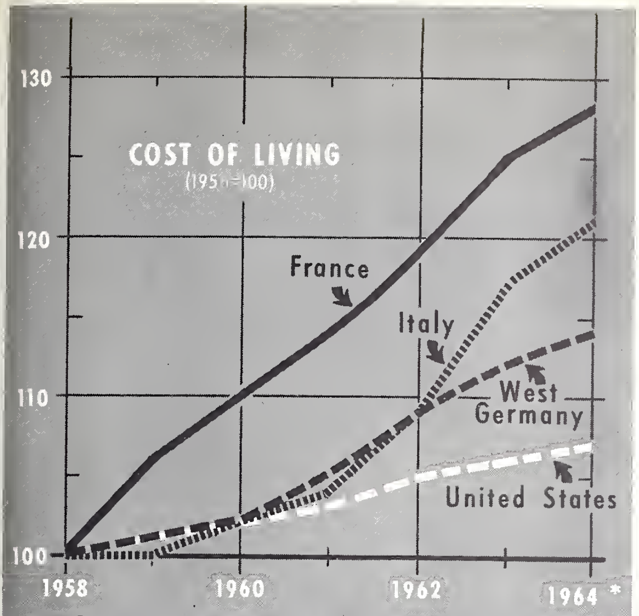

In 3 EEC Countries With Steepest Inflation, 95% of Community's People Live.

* (JAN.)

Western Europe's Rising Food Prices May Affect Farm Import Policies

By HARRY W. HENDERSON
Foreign Market Information Division
Foreign Agricultural Service

Inflation, which has reached serious proportions in several Western European countries, is giving some governments second thoughts about their agricultural import policies.

Western Europe's relatively high food prices, reflecting heavy consumer demand and poor crops in 1963, unquestionably are contributing to the upward inflationary spiral. Outlays for food make up a big percentage of consumers' expenditures, and rising food prices have done much to push overall living costs upward. Wages, many tied to cost-of-living indexes, also have risen sharply.

Worried governments, seeking to halt inflation, not only have put into effect new monetary and fiscal measures, but also are stepping up imports of food. To stimulate food imports, several countries have reduced some agricultural tariffs and have eased certain other restrictions on trade in foreign-produced farm products.

Europe's changing views on food imports

Europe's consumers, contending with shortages of meat and other key foods, favor any government moves which increase retail food supplies. Europe's industrialists, who fear that rising production costs will reduce sales of their own goods, also are glad to see larger food imports. Europe's farmers, on the other hand, still have their traditional suspicion of "outside" supplies that compete with their own production.

Western Europe has greatly increased its imports of farm products and some of the increase is coming from the United States. In the first 7 months of fiscal year 1964, U.S. agricultural exports to Western European countries amounted to $1,390 million, as compared with $1,093 million in the comparable period of a year earlier—a gain of 27 percent. Shipments are expected to continue at a brisk rate through the remainder of the year.

But the United States is looking further ahead. We believe that Western Europe's prosperity will continue to grow—that it will support an expanding demand for farm products as the area's consumers seek to improve their living standards. We are well able to help Europe's consumers meet their growing requirements for food and fiber. We feel that we should not be denied access to the European market, which in recent years has been increasingly insulated from outside competition by trade barriers of various types. We are bidding to maintain and increase access to Western Europe's markets for farm products at the trade talks now in progress at Geneva, Switzerland, under auspices of the General Agreement on Tariffs and Trade. In return, we of course would expect to give Western Europe reciprocal access to the U.S. market.

U.S. recognizes Europe's problems

In seeking market access, the United States is mindful that Western Europe has agricultural problems resembling some of our own. Incomes of farmers in Europe, as in the United States, are lower than those of people in other occupations. Europe's farms, often too small to be operated economically, need drastic restructuring.

In commenting on Western Europe's agricultural troubles recently, Secretary of Agriculture Orville L. Freeman said, "We seek to maintain and expand trade in agricultural products, while at the same time protecting the legitimate interests of farmers in both importing and exporting countries." And he added, "The United States is not trying to put Europe's farmers out of business."

U.S. officials are convinced that areas of accommodation exist in the agricultural trade area despite basic farm problems and the understandable desires of foreign farmers for protection against undue competition. The inflation that has appeared is a relatively new element in the economic picture.

Overall cost-of-living indexes published monthly by the International Monetary Fund show where inflation is hurting most. The figures take into account changes in consumers' outlays for food, clothing, housing, health, transport, and other necessities between 1958 and now. Monthly U.N. statistics show how much food prices have risen.

Within the European Economic Community, living costs have made the sharpest advances in France and Italy. In

France, the total cost of living in January 1964 was 28 percent above the 1958 level—and the food price component 26 percent above. In Italy, the total was up 21 percent and food 15 percent. In Western Germany both the total and food prices had advanced 14 percent. In the Netherlands, the total rose 12 percent; food, 19. In Belgium-Luxembourg, both the total cost of living and the price of food were 9 percent higher.

Some non-EEC countries also are confronted with higher costs and prices. In Denmark, living costs in January were up 24 percent from 1958; in Norway and Sweden, 17 percent; in Spain, probably over 30 percent (the latest available figure is 31 percent for December 1963); in the United Kingdom and Switzerland, 13 percent.

By way of contrast, total living costs in the United States in January 1964 were only 7 percent above the 1958 level—and retail food prices were less than 6 percent higher. This rather remarkable stability traces in considerable part to abundant food supplies. The United States not only has a highly efficient agriculture but also follows liberal agricultural trade policies.

Food in Europe's cost of living

Food makes up a bigger part of overall costs of living in Western Europe than is generally realized. In Italy, for example, food accounts for 52 percent of consumers' total living costs; in West Germany, 46 percent; in France, 44 percent; in the Netherlands, 34 percent; and in the United Kingdom, 32 percent.

High food prices in Western Europe reflect the general wish, and ability, of consumers to upgrade their standard of living. High consumer purchasing power, stoked by almost full employment at record wages, has stimulated demand for food in general and meat in particular. Not only have meat prices been high, but supplies have been short. It is hardly surprising, therefore, that some countries have reduced duties and other restrictions on meat as a means of encouraging larger imports.

France, for example, successively dropped its import levy on pork from 7.8 cents a pound in September 1963 to 1.8 cents in January 1964—but later raised it to 3.7 cents. France also adjusted inspection regulations to permit for the first time since the postwar recovery period the entry of pork from the United States. Belgium reduced its import levy on pork. The Netherlands somewhat liberalized its import and inspection regulations.

West Europe's pork shortage seems to be over for the time being and in mid-April prices were nearly back to normal. U.S. pork producers can take some credit for that. U.S. exports of fresh and frozen pork to EEC countries increased from only $51,000 in the first 7 months of the fiscal year 1963 to $3,674,000 in the comparable period of fiscal 1964. Shipments of other pork products also were larger.

Europe still shopping for beef

Europe's beef shortage, however, is continuing and may well last for several years. Prices, of course, have greatly increased. Between April 1963 and April 1964, the average wholesale price of beef and veal equivalent to U.S. Good grade rose per pound, in Western Germany from 47.3 cents to 56.4; in Italy from 50.8 cents to 61.0; in France, from 45.6 cents to 51.4; and in the Netherlands from 37.8 cents to 52.2.

In September, France stabilized retail prices of beefsteak at 12.95 new francs per kilogram—$1.17 a pound. But demand at the controlled price has remained strong and shortages have persisted. France, unable to obtain adequate supplies from Argentina, has recently been shopping for beef in Australia and New Zealand. Italy has been a heavy importer of beef and beef cattle. Belgium encourages imports by a system of payments offsetting or rebating customs duties on imports of cattle and beef.

U.S. beef in Europe's picture

West European countries have been importing some cuts of U.S. beef. Volume to date has been small, and only time will tell the extent to which imports will increase. Several factors, some favorable and some less so, are involved.

President Johnson announced on May 5 that he had sent a "beef team" to Western Europe. The team—a group of businessmen representing U.S. meatpacking and cattle industries—has explored what can be done to increase U.S. beef exports to meat-short Europe and is moderately optimistic.

Other promotional efforts will be carried on. In 1964 U.S. meat will be exhibited and "meat conferences" held at Hamburg in August and at Paris in November. In 1965, exhibits are contemplated for Milan, London, Antwerp, and St. Gallen, Switzerland. This type of promotion began at the U.S. Food and Agriculture Exhibits at Amsterdam in 1963. American beefsteaks imported for the show aroused many favorable comments from European trade officials and others who saw and tasted them.

Other U.S. farm goods needed

The overall demand for animal protein has stimulated the importing of U.S. poultry. Shipments of poultry meat to the EEC in January, February, and March 1964 totaled 28.2 million pounds for the 3 months, as compared with only 16.3 million in the same period of 1963.

Italy has been importing very substantial quantities of animal proteins and other foodstuffs and plans to continue buying from abroad. The Italian Cabinet on February 22 adopted, as an official anti-inflation measure, the policy of importing such foods as meat, poultry, eggs, butter, vegetable oil, and potatoes. Italy recently arranged for $1,225 million in new credit, $250 million representing medium-term credit extended by a U.S. agency—the Commodity Credit Corporation—for the purchase and movement, through commercial channels, of U.S. farm products—but primarily nonfood products.

Western Europe's farmers, who are increasing the size of their herds and flocks, need more feed. U.S. agriculture is benefiting from this demand. Exports of U.S. feed grains and soybeans to the area have been on the upgrade in recent years, and shipments in the current fiscal year are being well maintained.

Increased agricultural imports do not, of course, represent the sum total of Western Europe's efforts to block inflation. Individual countries have taken a number of fiscal and monetary steps to stabilize their economies. The EEC also has shown its concern. Earlier this year, Robert Marjolin, EEC Commission Vice President, called attention to inflationary pressures. In April the Commission recommended that member states adopt several priority measures, including trade liberalization, to stop the escala-

tion of prices and costs. And it recommended that West Germany stimulate imports of agricultural products.

Several countries have put restrictions on bank credit: France has limited bank credit to a 10-percent annual growth rate under its Stabilization Program. Most countries are controlling installment buying. Some taxes are being boosted. Excess construction is being curtailed in Switzerland and other countries. Government spending is being reduced. Governments generally are calling for management-labor cooperation in holding the wage line. Efforts are being made to discourage price rises. France, for example, has asked some 100,000 retail stores to help hold down price margins.

All these anti-inflationary measures, designed to "achieve expansion within a framework of stability," as the French put it, are beginning to have the desired effect. The rate of price-cost increases seems to have slowed down somewhat since January. That's encouraging to Western European governments. An anti-inflation program always is a delicate operation. Dynamic forces in the economy must be restrained—but not to such an extent as to turn inflation into deflation. And governments are uncomfortably aware that many anti-inflation measures, though necessary, are unpopular with voters.

Inflation—and measures to counter it—could well be changing some traditional attitudes toward agricultural trade. Western Europe's governments, long familiar with farmers' opposition to food imports, now are encountering consumer opposition to high food prices and food shortages. Consumers are becoming aware that high food prices can cancel a substantial percentage of wage increases and can hold down standards of living. Consumers who are engaged in turning out Western Europe's abundance of industrial goods may be reflecting on the possibility that inflation, pushed upward by rising prices of food and other necessities, bears adversely on production costs, on sales of industrial goods and rates of production, and ultimately on rates of employment.

Governments engaged in trade negotiations must weigh all the factors affecting their agricultural exports and imports. At the Dillon Round of trade negotiations in 1960-61, Western Europe was moving toward increased protection for the area's agriculture. Now, in the second month of the Kennedy Round, a new factor, pointing toward the need for more liberal agricultural trade, has appeared. That new factor, and an important one, is inflation.

INCREASES IN COST OF LIVING AND WAGES, WESTERN EUROPE AND THE UNITED STATES (1958=100)

	1961	1962	1963	1964 (January)
Cost of living:				
Belgium-Luxembourg	103	104	106	109
France	114	119	125	128
Germany, W.	105	109	112	114
Italy	104	109	117	121
Netherlands	104	106	110	112
United Kingdom	104	109	112	113
United States	103	105	106	107
Wages:				
Belgium-Luxembourg	109	118	127	([1])
France	126	137	149	155
Germany, W.	127	142	152	([1])
Italy	109	118	130	140
Netherlands	118	129	139	149
United Kingdom	110	114	118	121
United States	110	113	117	119

[1] Not available.

Source: International Monetary Fund, *International Financial Statistics*, May 1964.

EEC Reduces Tariffs on Israeli Fruits and Vegetables

A longtime U.S. competitor in shipments of grapefruit and other citrus fruits to the Comon Market, Israel has gained an even stronger foothold for these items following tariff reductions by the European Economic Community on Israeli farm exports.

Under terms reached in a 3-year agreement concluded April 28 in Brussels, the Common Market has made 20- to 40-percent reductions in tariffs on 25 of Israel's agricultural exports. These include grapefruit, avocados, early and late oranges, dried tomatoes, other dried vegetables except potatoes, cauliflower, onions, mushrooms, and citrus fruit juices. Countries having duties above the new common external tariffs (CXT) on these products must aline them in accordance with the new tariffs. (According to the current pace of tariff alinements, the CXT is expected to become effective on January 1, 1967.)

For grapefruit—item of most concern to U.S. exporters—the new CXT is 7.2 percent, two-fifths below the 12-percent tariff formerly set for Israel and still applicable for the United States.

This reduction is likely to mean sharply increased competition for U.S. grapefruit in the EEC—this country's second largest outlet for grapefruit—since Israel is anticipating a 50-percent rise in export availabilities by 1966. Even before the signing of the agreement, Israel had been investigating the possibility of expanding its shipments to the Community, which takes about 53 percent of all its grapefruit exports.

To Israeli grapefruit producers, the further access to the EEC afforded by the agreement could mean the difference between profit and loss. Heretofore, the possibility of oversupply and curtailed prices had pointed to a low-income future for grapefruit growers.

Shipments of Israel's grapefruit juice to the EEC have likewise been given a boost. The Common Market tariff on this item has been cut one-tenth to 17.1 percent.

Also of special importance to the Israeli growers are the reductions in the tariffs on avocados and oranges.

Output of avocados—a product which Israel hopes will someday become a leading foreign exchange earner—has been gaining rapidly. It is expected that by the time present plantings reach maturity, Israel's 1963-64 export level of 500 metric tons will be increased sixfold. The EEC's 33-percent tariff reduction on avocados should help materially to make this possible.

Similarly, reductions in the CXT on early and late oranges should enable Israeli citrus to become more competitive with North African. Attesting to the potential for Israel's oranges is last year's partial easing of trade barriers in France—main market to be affected by the new CXT on oranges—which saw Israeli citrus exports to that country rise by more than three times their 1962 level.

Italy Expands Trade in Leaf and Tobacco Products

The world's largest cigarette importer, Italy has recently been expanding purchases of tobacco leaf to increase the quality and quantity of its own output and meet growing competition from production of other EEC members.

By JOHN B. PARKER, JR.
Tobacco Division
Foreign Agricultural Service

Harvesting light cigarette tobacco in northern Italy. Italy's leaf output, largest in the Common Market, is supplemented by imports from many countries.

In 1963 the European Economic Community effected the last of a series of tariff reductions on tobacco products among its member states. These reductions, 60 percent overall, strengthened a trend that was already going on in Italy—a trend toward higher cigarette sales and larger leaf tobacco purchases.

National prosperity was permitting more and more middle-income Italians to buy cigarettes—especially high-quality and filter-tipped cigarettes. With the availability of cigarettes manufactured in EEC countries selling at lower prices, plus large imports of Swiss and U.S.-made cigarettes, Italian consumption mounted still further.

By 1962, Italy had replaced the USSR as the world's largest cigarette importer, a position it still holds. Last year the value of cigarettes shipped to Italy by Swizerland, EEC countries (especially West Germany), and the United States came to over $26 million, up from the $23 million shipped in 1962.

Imported brands

U.S. cigarette sales to Italy have been rising since 1957, and in 1962 they reached a peak of $3.7 million. However, after the EEC imposed an import duty of 180 percent ad valorem on cigarettes from third-country suppliers in July 1963, U.S. exports dropped off somewhat—coming to $3.4 million in 1963. U.S. brands are now retailing for about 78 cents per pack for filter-tips, 75 cents for regular—an increase of about 50 percent over pre-July 1963 prices.

Switzerland supplies about half of the 6 billion imported cigarettes smoked annually by Italians. Some of these Swiss-made cigarettes are produced under licensed American brands and contain part U.S. leaf. (Although Switzerland, like the United States, is a third-country supplier to Italy, thus far Swiss cigarettes have not been subjected to a customs duty; they consequently retail for about 22 cents per pack of 20—less than the price of the low-cost Italian Nazionali brand.)

Since the EEC tariff reduction, West Germany has become an increasingly important supplier of cigarettes. Germany's sales to Italy in 1963 rose to about 1.5 billion pieces from the 49 million pieces exported in 1957. Imports from other Common Market countries have shown similar increases. The Netherlands supplied over 340 million pieces in 1962 and 1963—none in 1957—and Belgium, too, has expanded exports. Altogether, 84 imported brands appear on the Italian market.

Monopoly meets competition

Italian imports of tobacco leaf have also shown a sharp increase. With the 60-percent EEC reduction in duties already an accomplished fact, and looking ahead to 1967 when tobacco trade among EEC members will be completely free, the Italian Tobacco Monopoly, which regulates Italy's domestic industry, is seeking to meet increasing competition from cigarettes made in EEC countries. To do this, the Monopoly has been making greater purchases of foreign leaf, to supplement local tobacco production and to supply the cigarette industry with more quality leaf for blending.

Also responsible for higher leaf imports recently was the drastic reduction in Italy's domestic tobacco crop in 1961. Blue-mold disease wiped out entire fields in northern Italy that year, reducing the 1961 crop to only 53 million

pounds as compared with 1959's high of 199 million. To replenish badly depleted leaf stocks, which had been exported in large amounts to West Germany throughout the blue-mold crisis, Italy began to import large amounts of leaf.

During the 1950's, Italy's total leaf imports ranged from 14 million to 26 million pounds annually. In 1962 they reached a record of 76.7 million pounds. Imports remained high in 1963 at 62 million, for although weather less conducive to blue-mold and use of fungicides helped Italian farmers lift tobacco output out of its slump (production came to 135 million pounds in 1963), Italy was seeking more of the type of leaf used in the increasingly popular filter-tipped brands. These types were mostly flue-cured, burley, and oriental tobaccos.

Italy's leaf sources

The two largest suppliers of quality flue-cured tobacco to Italy are Rhodesia and the United States. Late in 1962, Italy purchased 10.5 million pounds of Rhodesian flue-cured tobacco for delivery in 1963; this was the largest single sale of flue-cured that Rhodesia has ever made. The United States supplied 14.5 million pounds that year, but exports in 1963 dropped to 5.6 million because of the large Rhodesian delivery.

Generally, Italy receives most of its quality burley from the United States, and purchases in 1963 were a record 5.9 million pounds compared with an average of about 1.5 million from the United States in the decade of the 1950's. In terms of value, all types of U.S. leaf tobacco exported to Italy rose from $4.2 million in 1960 to $12.8 million in 1962; then last year they fell back to $8.7 million.

Italy imported about 39 million pounds of oriental tobacco in 1962, including a record 26 million pounds from Turkey, and 8 million from Greece. Yugoslavia and Bulgaria were other important oriental suppliers. Although the trend toward quality filter-tipped cigarettes is gaining force, low-cost oriental cigarettes are still important on the Italian market and some oriental is used in filter-tipped cigarettes.

Besides these sources, Italy imports low-cost filler tobaccos from various countries which vary from year to year depending on price. Imports of low-cost filler exceeding 20 million pounds were made from Indonesia and Brazil in 1962. Over 2 million pounds of low-cost burley was bought from Mexico in 1963; small quantities of tobacco have been coming in from many other new sources, including Argentina, Paraguay, and Taiwan.

Future marketings

About 60 years ago, Italy was a market for about 30 million to 40 million pounds of the darker types of American tobacco. Local production reduced imports in the 1930's and 1940's, and it was not until the mid-1950's that Italy resumed large purchases of American tobacco.

This resumption in trade was accompanied by a switch to greater imports of lighter leaf, mostly flue-cured and burley, for blending in filter-tipped cigarettes. Italian output of tobacco products had been gaining since 1949 but sales of filter-tipped brands were ballooning—since 1957 they have increased tenfold—and they now account for one-third of the 60 billion cigarettes sold annually on the Italian market. The expanding usage of these two types of leaf in recent years is reflected in the all-time record of flue-cured imports Italy made in fiscal 1963, 15 million pounds, and the large burley purchases in calendar 1963.

Italy's total leaf imports may possibly decline in 1964. The larger tobacco crop in 1963 will help the Italian Tobacco Monopoly replenish stocks of domestic leaf. Nevertheless, Italy is likely to remain one of Europe's six major leaf importers, especially of flue-cured and burley tobaccos.

Bologna tobacco factory, below, blends American leaf with domestic and other tobaccos to produce the "Stop" cigarette, being packaged at right. "Stop" regular sells for about 51 cents a pack.

Horticulture Given a Boost in the United Kingdom

When the United Kingdom was seeking admission to the Common Market, farmers engaged in growing horticultural products were strongly opposed to it. Instead of benefiting from the country's deficiency payments scheme, they depend on import duties and import quotas to protect them from competition, and they realized what opening the gates to other European nations would mean, especially since some of these European fruit and vegetable producers have developed more efficient means of production.

A few weeks ago a new era began for British horticulture. In the Agriculture and Horticulture Act passed by parliament, provisions were made to help the country's horticultural farmers, and these, in time, may revolutionize the industry.

The new Act will make available to smaller growers and cooperatives additional capital for the improvement of their buildings and equipment, thus enabling them to modernize their operations. It also provides financial aid for farmers who would like to uproot their less productive orchards. Twenty-four million pounds have been set aside for these grants in 1964—and more if necessary—as against 8 million pounds in 1960.

The third provision of the Act provides funds for the establishing and rebuilding of wholesale horticultural markets. Most horticultural products in the United Kingdom pass through 5 large markets in London and 12 main provincial markets, but if the handling of these perishable products is to be speeded up, modernization is needed, also new markets at better sites.

By far, the most important feature of the Act is the introduction of compulsory grading for fresh horticultural produce. This applies to the grower and wholesaler.

This compulsory grading of horticultural products was long overdue. With the rapid development of supermarkets and chain stores in Great Britain, it became essential for farmers to supply these stores with a more uniformly graded, sized, and packaged product. But once this demand had been supplied, the remaining stores received less uniform products, although not necessarily inferior.

Last fall when there was an exceptionally large domestic crop of apples and the industry was faced with low prices, some of the cooperatives decided to establish their own grading. In Kent, the major apple-producing area, several cooperatives and private growers banded together and introduced a colored container system; i.e., blue for top grade, red for medium, and green for the lowest.

Last year horticultural production in the United Kingdom accounted for 10 percent of total agricultural output. The year previous, vegetable production was 2.4 million tons, but some 700,000 tons additional were imported, of which half was onions and tomatoes. Apple production totaled 583,000 tons; imports amounted to 236,000 tons.

The United Kingdom is about 80 percent self-sufficient in vegetables, and 70 percent in apples. On the fresh basis, per capita consumption of vegetables amounts to 128 pounds compared to 206 in the United States, and that of fruit to 124 pounds as against the U.S. figure of 195. Thus, it would appear that there is considerable room for expansion of the United Kingdom's market for fruits and vegetables, both for home production and for imports.

—Walter A. Stern
Assistant U.S. Agricultural Attaché, London

Communist China's Livestock Drastically Reduced in Number

Although the Chinese Communists have not published any national figures on livestock numbers since 1959, analysis of China's news media reveals that livestock numbers, with the exception of those for sheep and goats, have fallen off seriously in recent years.

Largely reponsible for this decline, it is believed, was the communization farm program in 1958 and 1959—the Great Leap Forward. Contributing too were the poor harvests caused by unfavorable weather in 1959, 1960, and 1961.

It is estimated that large animals—buffaloes, cattle, horses, mules, and donkeys—by the end of 1961 had dropped to 61 percent of the 1957 level, and that hogs were down to 41 percent. Two years later, at the end of 1963, some recovery had taken place: large animal numbers were 65 percent of the 1957 figure, and hog numbers 59 percent.

During the same period, numbers of sheep and goats dropped to 94 percent of what they had been in 1957, but by the end of 1963 they had advanced to 108 percent of the 1957 figure.

Beginning in 1958 with the inauguration of the communes when all remaining privately owned animals had to be surrendered, the Chinese livestock industry entered its most unfavorable period. Livestock suffered from lack of care, diseases, weather, and above all, chronic feed shortages. Also, there are numerous reports which show that beginning in 1958 and reaching a peak in 1959, large numbers of livestock were slaughtered by peasants in preference to transferring them to the communities. This was especially true of hogs.

The industry's low point may have occurred in early 1961, when hog exports from Mainland China to Hong Kong reached a monthly low of about 12,000 head, all of very poor quality. Since then, monthly exports of hogs to Hong Kong have increased in numbers and quality; in the last 3 months of 1963 they were averaging 125,000 head a month.

One of the several effects of the decrease in livestock numbers is the sizable quantity of grain released for human consumption. If the grain fed to livestock, particularly hogs, amounted to about 18 million tons in 1957-58, then the increased grain for human consumption would have been about 11 million tons.

In spite of the initial rate of recovery in numbers of large animals and hogs, it has been estimated that this will level off after another year or two, and that full recovery to the level of 1957 will take many years.

Prospects for a Larger Wheat Crop in Europe Are Favorable

The outlook is generally good for Western Europe's 1964 wheat harvest, despite unseasonably cold weather during part of March and April. The crop came through the winter well with less than average damage reported. Larger acreage was seeded to wheat, especially in France, West Germany, Greece, and the United Kingdom. Harvesting begins in June, and if favorable conditions continue, the crop should be somewhat larger than in 1963.

Following is some general information on the area's six leading wheat-producing countries, which accounted for 87 percent of its total wheat production in 1963.

In *France*, wheat acreage was reported at 10.7 million acres on April 1, considerably larger than on the same date in 1963. Planting of spring grains was delayed by persistent rains, but if spring wheat acreage reaches expectations, a total of about 11 million acres will be harvested. This will be almost 2 million acres above the small 1963 acreage. Moisture supplies are plentiful and the outlook for the crop is generally good.

In *West Germany*, conditions have favored wheat development. The crop was seeded under favorable conditions in the fall, and a relatively mild winter contributed to good crop development. Acreage is estimated to be 6 percent larger than a year ago.

In *Greece*, wheat acreage is reported at a new high. The estimated 2.9 million acres is about a fourth larger than the small 1963 acreage. Preliminary estimates of the Ministry of Agriculture place the crop at a record 68 million bushels.

In *Italy*, on the basis of preliminary information, wheat acreage is slightly larger than a year ago. Moisture supplies are good and the general outlook is promising.

In *Spain*, wheat came through the winter in good conditon. But spring sowing was delayed by heavy rainfall and conditions remained behind schedule in late April.

In the *United Kingdom*, a larger wheat crop is expected. Acreage is estimated to be about 15 percent over 1963's. Comparatively mild winter weather favored development of winter wheat. Field work progressed well during January-March, but cold, wet weather from late March through April held up seeding of spring grain.

In Eastern Europe, the outlook for the wheat harvest is generally good except for dryness in the southern part of the region. At present it seems possible that total production of wheat may approach the high level of the crop harvested in 1963.

In the Soviet Union, conditions are much better than those of last year, and the present outlook is for an average or better wheat crop in 1964. A number of factors enter into the improved outlook. Among them are increased acreage, less winter-kill than last year, and increased use of fertilizers.

Larger acreages of both winter and spring wheat are reported. In addition, loss of winter wheat appears to have been small relative to the 12-million acre loss of 1963. Increased use of fertilizer is expected to double the amount used last year, and the important "New Lands" area had an exceptionally good moisture supply.

British Invite U.S. Beef To Help Ease Their Meat Shortage

U.S. beef—especially chilled beef—would be welcomed in the U.K. market during the next few months, says the U.K. Ministry of Agriculture. U.S. prospects are less favorable in the long term, however, with larger supplies expected to move eventually to Britain from Argentina and Australia.

Britain has stepped up its own beef production, with a definite swing last year from dairy cattle to beef cattle on U.K. farms. But pressure on domestic beef supplies continues strong. Prices of other meats have risen—broilers because of high feed costs (which have not hampered beef production, since pastures are in good condition); pork because of the general European shortage. Lamb prices have risen less than other meat prices.

U.K. fatstock prices are currently around 40 percent higher than at this time last year, though prices have not yet exceeded the guaranteed price. So far this year, home-killed beef production is 8 percent above that of 1963, when Britain had reached about 70 percent self-sufficiency in beef. However, an export trade has recently developed in U.K. fatstock going for slaughter to Western Europe, particularly France; and this cuts into supplies for home use.

The U.K. Ministry of Agriculture estimates that local beef supplies for the April-June period this year will be smaller than in the same period of 1963, although larger than the 5-year average April-June level of 276,000 tons. Primarily, however, Britain's meat shortage is due to smaller imports from major suppliers.

The supply level for New Zealand lamb in 1964, from a 1963 lamb crop 3 percent higher than the year before, may be a stabilizing influence on British meat prices, though Japan may take some of New Zealand's supplies. But beef shipments from Yugoslavia have dwindled in recent years, and Yugoslav exporters are now taking advantage of the Italian market and others nearby.

Argentina cannot supply beef to its traditional European customers on the same scale as in recent years, for it is currently rebuilding herds after 3 years of heavier than normal slaughter. The Argentine Government is reported to be concerned about the domestic political situation which could arise if home meat consumption is cut in favor of exports. In the long run, however, after Argentina's livestock industry recovers, the U.K. Ministry expects a revival of Argentine supplies.

Australia is expected to supply the U.K. market with more beef this year, though there is stronger competiton from the continent for Australian supplies. For frozen meat, which goes mostly into processing and catering, Australia will be in a better export position following the reduction of its shipments to the United States during 1964. Thus the British market is likely to ease sooner for this than for other meats. —Robert N. Anderson

U.S. Agricultural Attaché, London

U.S. Processed Food Industry To Participate In Exhibits at Vienna, Frankfurt, and London

The U.S. Department of Agriculture will sponsor a series of three exhibits in Europe this fall to promote the export sale of U.S. processed and packaged foods, including specialty and gourmet-type foods with export possibilities.

The exhibits, being organized by the Department's Foreign Agriculture Service in cooperation with the Grocery Manufacturers of America, Inc., will be held at: the International Fall Fair, Vienna, Austria, September 13-20; the U.S. Trade Center, Frankfurt, West Germany, September 16-23; and at the U.S. Trade Center, London, England, October 5-16.

All U.S. food manufacturers and distributors and their overseas agents have been invited to furnish products and company representation for the exhibits. There is no charge for display space. Products eligible for display and promotion include the full range of processed foods: canned, dried, frozen, dry-packaged, and glass-packaged. Products must be wholly or substantially of U.S. origin.

U.S. specialty foods

It will be the first major promotion in Europe of U.S. specialty and gourmet-type foods, which are being included because of the growing interest of U.S. manufacturers of these items in international markets.

These exhibits are part of the Department's program of regularly scheduled international trade fair and trade center activities to promote the introduction, sale, and consumption of American food and agricultural products abroad.

While most U.S. agricultural commodities are exported in bulk form for processing abroad, there is a growing demand in Europe for U.S. processed foods. Several hundred U.S. food manufacturers and distributors have participated successfully in USDA-sponsored international trade fair and trade center exhibits, using them to introduce new products; solicit agents, importers, and wholesalers in foreign countries; and increase sales and distribution overseas.

The Trade Center exhibits in London and Frankfurt will be open to the trade only; the exhibit in Vienna will be open to both trade and public. The three sites will have ample and well-appointed private areas for discussions, promotion, and taste-testing.

Information on the three exhibits and copies of official participation agreements have been mailed to U.S. food manufacturers and distributors that have either taken part in previous overseas exhibits or have expressed interest in the program.

Inquiries to GMA

Firms that have not participated in the past and are now interested are invited to address inquiries to the Grocery Manufacturers of America, Inc., 205 East 42nd St., New York.

Firms are not required to be GMA members to participate in exhibits.

Fruits, vegetables main interest

German Scientists See U.S. Food Laws Operate

A group of leading West German food scientists who just completed a 4-week inspection of the U.S. food health control system expressed confidence this visit would help develop compatibility in German and U.S. food regulations for fruits and vegetables.

The seven scientists, representing governmental and institutional organizations, came to the United States as part of a continuing USDA program to acquaint key Europeans with U.S. food health laws, and Americans with European laws.

Said the spokesman for the group, "It will take time to analyze all the data gathered but the final evaluation will be aimed at a better understanding of the differences between the laws of our countries."

German post-harvest rules

The chief difference involves the practical application of German post-harvest regulations, which when instituted in 1959 hurt U.S. fruit sales to West Germany. For example, both German and U.S. laws provide for about the same tolerances for chemical additives to fruit, but U.S. citrus fruit treated with decay inhibiting chemicals (necessary in long-distance transit) cannot be sold in German markets unless it carries the label: "peel unsuitable for consumption." Similar problems relate to chemicals on dried fruit.

The itinerary of the German scientists included 1 week in Washington studying research and health functions of the USDA, the Food and Drug Administration, the Public Health Service, and the National Academy of Science. The remaining weeks were spent in Florida, California, and Kansas where the visitors saw chemicals being applied to crops before and after harvest, and food regulation enforcement for wholesomeness.

U.S. standards high

The scientists were particularly impressed by the high U.S. standards of testing and inspection; the cooperation of States in carrying out Federal food laws; and the mechanization of production, packing, and processing.

The visitors noted that while their country is pushing to eliminate use of chemicals in fruit and vegetable cultivation, they recognize the need for this practice in concentrated production areas such as Florida and California. They expressed new awareness of U.S. efforts to minimize the dangers of chemical usage.

Some of the other steps in the USDA program to study and influence favorable food health legislation in export markets have included—posting a U.S. scientist in Brussels to review proposed legislation, an appraisal of foreign food health laws by a U.S. team, and sponsoring U.S. trips of Swiss and German poultry specialists.

Survey Reveals Obstacles to U.S. Kidney Bean Promotion in Caribbean

A U.S. survey team, just back from the Caribbean, cites import restrictions and low consumer purchasing power as major roadblocks to beginning a market development program at this time for the U.S. red kidney beans in what is currently their most important market.

This appraisal results from a market development survey of the Dominican Republic, the French West Indies, and Jamaica, which included inspection of local bean industries, plus talks with more than 50 importers and American embassy and foreign officials.

Team of specialists

Making the survey were James O. Cole and Walter Francher, both of the Grange League Federation (GLF), Ithaca, New York, and Orval Goodsell, FAS marketing specialist.

Notwithstanding the prominence of the Caribbean countries as a $3-million market for U.S. kidney beans, the survey team noted that certain conditions would tend to limit market development efforts in the immediate future. Private U.S. trade interests, however, are urged to continue to cultivate Caribbean trade contacts.

In the Dominican Republic, the biggest market, purchasing 110,000 bags (100 pounds each) in the first half of the 1964 marketing year, the stumbling block is the system of import licenses. Licenses are issued by the government to hold down consumer prices only when the demand for beans clearly exceeds the supply.

According to the team, import licenses were issued only on three occasions during the past 6 months. Even if a U.S. promotion succeeded in boosting the demand for red kidney beans, U.S. sales would depend on the way these imports controls were administered.

In the French West Indies and Jamaica, buying 38,000 bags in the first half of the 1964 marketing year, a different situation prevails: While bean imports are not controlled, a U.S. promotion to spur increased demand would be limited by low levels of consumer purchasing power.

On the basis of interviews with importers and of the current rate of U.S. shipments, the U.S. survey team concluded that bean consumption—now at 20 pounds per capita—is already reasonably high.

U.S. promotion might make a greater impact at a lower cost to its sponsors, it is felt, in high-income areas such as Western Europe where bean consumption is a mere 1 pound per capita.

Stirring the interest in launching a Caribbean promotion had been an uptrend in U.S. red kidney bean sales to this market. From September 1963 to February 1964, exports totaled 290,000 bags, more than triple the annual sales registered in 1961-62.

Consumer incomes up

One reason for the increase has been the gradual rise of income levels—especially pronounced in the Dominican Republic—which has helped the consumption of high protein foods like beans. Another big factor in U.S. sales is the consumer preference for the soft, easy-to-cook red kidney beans (produced mainly in New York State) over beans exported by Portugal.

Sale of U.S. Beef To Be Promoted in Western Europe

Secretary of Agriculture Orville L. Freeman last week signed a cooperative market development agreement with the American Meat Institute, acting on behalf of the entire U.S. livestock and meat industry, aimed at building sales of U.S. livestock products, beef, and other meat and meat products in Western Europe and the United Kingdom. Dr. Herrell DeGraff, President, American Meat Institute, signed the agreement on behalf of the cooperator.

A National Advisory Committee on Cattle, recently recommended to the Secretary that industry cooperate with the Foreign Agricultural Service—and had endorsed the AMI as cooperator on behalf of the entire industry—in promoting commercial sales of U.S. cattle and beef overseas, using available market development funds.

Countries where development activity will take place include the United Kingdom, West Germany, France, Italy, Belgium, Switzerland, the Netherlands, and Spain. In each of these countries, meat supplies currently are lower than normal and prices to consumers are unusually high. A special mission recently sent by President Lyndon B. Johnson to study U.S. beef marketing prospects in Europe concluded that prospects are good for some export sales to the area in the months ahead.

The market development agreement authorizes a wide range of activities on the part of the cooperator and associated U.S. livestock and meat groups, among them: make market investigations to locate potential markets for U.S. livestock products; provide both U.S. suppliers and foreign buyers wth marketing information; arrange visits to the United States of teams of potential foreign buyers; conduct U.S. meat exhibits and trade conferences at international trade fairs, specifically in Hamburg, August 14-23, and Paris, November 8-16; and carry out other related promotions.

U.S. Soya Grits Export Seen Developing Commercial Sales

A pilot program designed to measure consumer acceptance of U.S. defatted soya grits in protein-deficit countries opens up long-range possibilities for commercial sales of this soybean product.

Under the program, soya grits—a soybean preparation containing 50 percent protein—will be used in familiar foods such as soups and mushes at school lunch, hospital, and orphanage centers in Bolivia, Nigeria, Turkey, and the Philippines.

Each country will receive 40,000 pounds of soya grits, supplied from privately-owned U.S. stocks. Distribution will be handled by voluntary relief agencies in cooperation with local health and nutrition agencies, the Agency for International Development (AID), and the Soybean Council of America.

At a later date, the four pilot projects will be evaluated by AID and FAS to determine acceptance by foreign consumers and the effect of soya grits on child health and nutrition. Results may be used in introducing soya grits on a commercial basis in other protein-deficit areas.

Shipments will begin in June to Bolivia, Nigeria, and Turkey, and in July to the Philippines.

France Acts To Control Beef Prices

To offset short beef supplies and rising prices, the French Government has begun selling frozen imported beef on the domestic market and arranging for imports from Australia and New Zealand.

Last fall, when the agency responsible for subsidies (FORMA) authorized SIBEV—a quasi-governmental marketing organization—to import beef from Argentina, it agreed with livestock producers not to sell the beef until the Paris price of cattle rose above a ceiling of 27.3 U.S. cents per pound (49.7 cents per lb. dressed weight). On March 16, first-class steers were selling for 35 cents per pound, sharply above the average of 23.7 in March 1963. Thus, the conditions have more than been met, and frozen beef from stocks is now being offered on the markets.

More imports have been authorized. Because of the present cattle crisis in Argentina, further imports from that supplier could not be arranged. However, trial shipments from the United States are going to France. In addition, a French buying mission recently visited New Zealand and Australia, and trade sources report that a trial shipment of 2,000 metric tons of hind quarters and several hundred tons of other cuts will arrive from these countries in early June. If this shipment meets expectations, other shipments will probably follow.

Guatemala Reduces Beef Exports

The Guatemalan Government has reduced export quotas on beef produced at two federally inspected plants in that country. The slaughter quotas for export in May, June, and July have been cut to 23,333 head per plant from the former quota of 25,000 head. Most of the beef exported is shipped to the United States in boneless frozen form.

Guatemala has stepped up enforcement of its ceiling prices for beef. The maximum price for wholesalers and jobbers is 21 cents per pound, that for retailers is 24 cents per pound on stew meat, 36 cents, on hamburger, and 40 cents on roasting beef.

U.S. Exports of Livestock and Meat Products Rise

U.S. exports of nearly all types of meat animal products in January-March 1964 were larger than those in the same period of 1963.

Lard shipments were up 72 percent to 167 million pounds. Those of inedible tallows and greases also were large, totaling 564 million pounds, or 48 percent more than a year earlier.

Exports of red meats increased 60 percent, the largest gain being in pork. Shipments of this product were up 66 percent, reflecting large sales to Japan, France, the Netherlands, and Canada. Exports of variety meats continued to rise, reaching 51.5 million pounds in January-March 1964 —30 percent greater than in the 1963 period. Shipments of cattle, calf, kip and sheep, and lamb hides and skins ranged from 33 to 96 percent greater than a year earlier.

Cattle exports were up sharply in January-March because of the shipment of fed cattle to Canada. In May, exports of fed cattle to Canada continued.

U.S. exports of sausage casings this year were down moderately from the high level of a year earlier. Exports of mohair were down sharply, reflecting strong demand for mohair fabrics in the United States and weak export demand after several years of flourishing trade.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	March		Jan.-March	
	1963	1964	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	40,496	51,635	97,102	166,656
Inedible tallow and greases [1]	165,812	232,288	380,748	563,714
Edible tallow and greases [2]	985	654	1,951	2,791
Meat:				
Beef and veal	2,075	2,461	5,995	7,986
Pork	14,132	13,004	32,801	54,431
Lamb and mutton	109	106	301	373
Sausage:				
Except canned	160	204	334	544
Canned	96	67	167	246
Baby food, canned	37	81	182	177
Other canned meats	143	223	308	426
Total red meats	16,752	16,146	40,088	64,183
Variety meats	16,513	17,598	39,577	51,539
Sausage casings:				
Hog	1,378	1,213	3,469	3,161
Other natural	343	233	935	830
Mohair	1,318	548	4,094	961
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	734	778	1,740	2,471
Calf	139	230	342	669
Kip	22	15	48	64
Sheep and lamb	208	302	601	838
	Number	*Number*	*Number*	*Number*
Live cattle	1,669	1,954	4,293	6,528

[1] Includes inedible tallow, greases, fats, oils, oleic acid or red oil, and stearic acid. [2] Includes edible tallow, oleo oil and stearin, oleo stock and shortenings, animal fat, excluding lard.

U.S. Meat Imports Decline in January-March

U.S. imports of all meats in January-March 1964 totaled 284 million pounds, 15 percent less than those in the same period of 1963. Beef shipments declined by 34 million; mutton, by 11 million; lamb, by 4 million; and pork, by 2 million.

January-March imports of beef and veal, at 213 million pounds, were down 14 percent from a year earlier. Imports from the leading suppliers were off considerably, those from Australia dropping 10 percent; New Zealand, 38 percent; Ireland, 27 percent; and Mexico, 13 percent. The smaller imports this year reflect the diversion of shipments from the United States to Britain and other countries in Western Europe.

January-March imports of mutton and goatmeat totaled 15 million pounds—down sharply from the 27 million pounds brought in a year earlier. This resulted from a 43-percent decline in arrivals from Australia and a 67-percent one in entries from New Zealand. Lamb imports were less than 4 million pounds compared with almost 7 million a year earlier.

U.S. imports of both apparel and carpet wool were down significantly in the first quarter this year. Imports of bovine hides and skins continue relatively low, while imports of

sheep and lamb skins, goat and kid skins, horse hides, and pig skins were greater than in the same period of 1963.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	March 1963	March 1964	Jan.-Mar. 1963	Jan.-Mar. 1964
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh and frozen, bone-in	1,624	1,313	5,309	5,290
Fresh and frozen, boneless	71,722	60,583	205,882	176,192
Canned, including corned	10,556	6,969	25,398	24,120
Pickled and cured	23	34	107	74
Beef sausage	—	483	—	1,164
Other beef	2,286	731	5,825	1,625
Veal, fresh and frozen	1,472	1,320	4,521	4,165
Total beef and veal	87,683	71,433	247,042	212,630
Pork:				
Canned hams and shoulders	14,283	14,164	35,648	36,211
Other pork	6,960	5,513	18,997	16,238
Total pork	21,243	19,677	54,645	52,449
Mutton and goat	6,844	5,662	26,666	15,336
Lamb	3,021	770	6,783	3,709
Total red meat	118,791	97,542	335,136	284,124
Variety meats	172	180	703	487
Wool (clean basis):				
Dutiable	13,929	8,073	41,329	26,495
Duty-free	17,024	8,858	43,668	32,117
Total wool	30,953	16,931	84,997	58,612
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle[1]	41	24	103	77
Calf	42	14	134	65
Kip	102	33	226	140
Buffalo	66	34	155	116
Sheep and lamb[1]	4,925	4,370	7,832	8,655
Goat and kid	1,097	1,099	3,470	3,572
Horse	29	28	74	117
Pig	140	161	304	434
	Number	*Number*	*Number*	*Number*
Live cattle[2]	68,280	52,204	311,496	165,513

[1] Owing to changes in the tariff schedule, statistics for 1963 and 1964 are not completely comparable. [2] Includes cattle for breeding.

U.S. Department of Commerce, Bureau of Census.

Shift in Direction of Irish Meat Exports

The pattern of Ireland's meat exports appears to be changing. Total exports in 1964 are expected to be about as large as in 1963, but a smaller part will come to the United States and a larger part will go to Britain and other Western European countries.

Exports of meat from Ireland in 1963 totaled 269 million pounds, slightly more than those in 1962 but moderately less than the high level of 1961. Exports included 136 million pounds of beef and veal as carcasses or cuts, 11.5 million of canned beef, 59 million of bacon and hams, 25.5 million of other pork, and 35 million of lamb and mutton.

Exports of beef and veal to the United States accounted for 60 percent of the beef and veal exports to all countries. The United Kingdom was a smaller destination, accounting for 28 percent of the total. Italy and Western Germany took most of the remainder.

Most of Ireland's surplus of pork, bacon and hams, canned beef, lamb, and mutton was shipped to Britain.

Ireland imports cattle, sheep, and lambs, mostly from Northern Ireland; exports cattle, sheep, and lambs across the Channel to England and to other continental countries. In 1963, Ireland imported 140,000 cattle and 393,000 sheep and lambs. and exported 663,000 head of cattle and 329,000 of sheep and lambs.

The Minister of Agriculture has recently issued an order controlling the export of hogs to France so it can fill the Anglo-Irish agreement for the shipment of 27,000 tons of bacon to Britain.

IRELAND'S EXPORTS OF LIVESTOCK AND MEATS, 1959-63.

Item and destination	1959	1960	1961	1962	1963
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*
Cattle	488	542	722	575	663
Sheep and lambs	246	310	348	382	329
Hogs	2	10	3	4	3
Meats:					
Beef and veal (carcasses and cuts):	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
United States[1]	43.8	64.1	80.8	77.7	82.1
United Kingdom	15.2	33.9	73.4	45.5	37.9
Italy	1.0	1.7	—	—	6.8
Western Germany	9.0	4.3	8.2	6.2	4.9
Other countries	9.0	1.7	2.3	2.5	4.3
Total beef & veal	78.0	105.7	164.7	131.9	136.0
Canned beef	16.3	18.7	17.9	12.7	11.5
Canned hams	.3	.1	.1	.1	.1
Other canned meats	3.6	4.8	4.0	4.0	2.9
Bacon and hams	42.6	51.2	63.4	58.3	58.7
Pork	1.2	3.9	6.5	21.7	25.5
Lamb and mutton	15.2	21.4	16.3	33.8	34.6
Total meat	157.2	205.8	272.9	262.5	269.3

[1] Includes shipments to U.S. Military Commissaries overseas.
Commonwealth Economic Committee.

Australian Meat Shipments to the United States

Five ships left Australia during the second and third weeks of April with 6,773,760 pounds of beef, 517,440 pounds of mutton, and 11,200 pounds of lamb for the United States.

Ship and sailing date	Destination[1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Martha Bakke	Seattle	May 31	Beef	201,600
April 8	Tacoma	June 1	Beef	96,320
	Portland	3	Beef	239,680
	Los Angeles	11	Beef	67,200
	San Francisco	15	Beef	380,800
			Mutton	26,880
Monterey	San Francisco	April 30	Beef	89,600
April 13	Los Angeles	May 4	Beef	76,160
Cap Vilano	Seattle	9	Beef	398,720
April 15	Portland	11	Beef	134,400
	San Francisco	14	Beef	1,621,760
	Los Angeles	18	Beef	1,641,920
			Mutton	224,000
Ventura	Los Angeles	7	Beef	338,240
April 18			Mutton	100,800
			Lamb	11,200
	San Francisco	10	Beef	250,880
			Mutton	33,600
	Seattle	14	Beef	239,680
	Portland	23	Beef	85,120
	Eastern ports			
Pioneer Gem	Charleston	May 21	Beef	89,600
			Mutton	100,800
	Boston	25	Beef	62,720
	New York	27	Beef	423,360
	Philadelphia	30	Mutton	31,360
	Baltimore	June 1	Beef	336,000

[1] Cities listed indicate location of purchaser and usually the port of arrival, but meat may be diverted to other areas for sale.

New Zealand Meat Shipments to the United States

Six ships are scheduled to leave New Zealand this month wth 17,920,000 pounds of meat for the East Coast and 24,864,000 pounds for the West Coast. The New Zealand "run" averages about 1 month.

Ship	Sailing date	Destination	Quantity
			1,000 pounds
Cornwall	June 10	East Coast	1,120
Knight Templar [1]	29	do.	5,600
Hauraki	30	do.	11,200
Cap Frio	12	West Coast	6,720
Mariposa	16	do.	112
Oriana	24	do.	112

[1] Previously reported in *Foreign Agriculture*, May 11, 1964, for 4,480,000 pounds and going to the West Coast.

Japanese Hops and Beer Production Up Sharply

Japanese production of both hops and beer is growing rapidly. The 1963 hops crop, at 4.6 million pounds was almost three times the size of the 1.7-million-pound crop of 1955. Beer production has more than quadrupled from 3.5 million barrels (31 gal. each) to 14.5 barrels during the same period.

Per capital beer consumption is growing at almost the same rate as beer production. In 1963 the per capita consumption was 16.2 quarts as compared to 9.0 quarts in 1960. In view of the per capita consumption rates of over 100 quarts in the United States and parts of Western Europe, it is evident that with increasing gains in personal income, the rate of Japanese beer consumption should continue to grow.

Japanese brewers normally import about half of their hops requirements. During the 1962-63 marketing season, Japan imported 3.2 million pounds of hops. The United States supplied only 1 million pounds while Germany shipped 1.4 million, although U.S. hops reportedly sold in Japan for 70 cents per pound compared with $1.20 for German hops.

U.S. Exports of Wheat and Flour Nearing Record

U.S. exports of wheat and flour (grain equivalent) totaled 623 million bushels between July 1963 and March 1964—47 percent more than the 424 million bushels reported last year during the same period.

The large increase was reflected in shipments to all areas; the Eastern European countries received 80 million bushels, of which 44 million went to the USSR. Exports to the Common Market doubled as these six countries continued to import large amounts of wheat and flour to offset their shortages in production.

Flour shipments decreased about 3 percent, from 71 million bushels (grain equivalent) to 69 million. Egypt continues to be the largest market, receiving about one-third of total shipments.

A detailed table and analysis were published in the May issue of *World Agricultural Production and Trade—Statistical Report.*

U.S. Rice Exports Continue Strong

Shipments of U.S. rice remained high through March of this year, with that month's tally of 161,400 metric tons bringing the August-March total to 921,000 tons, milled basis. This was 178,000 above exports in the first 8 months of the 1962-63 marketing year.

During this period, buying was stepped up in all world areas. At 163,800 tons, sales to Europe more than doubled the 76,300 tons of August-March 1962-63. Also, exports to the Western Hemisphere and Africa were up 45 and 22 percent, respectively, while those to Asia rose 7 percent.

Principal destinations for March exports (in thousands of tons) were: India, 47.8; USSR, 32.6; United Kingdom 11.8; Dominican Republic, 10.0; Netherlands, 9.1; Republic of South Africa, 7.8; Peru, 6.2; Japan, 4.4, and Guinea 3.3.

Canadian Wheat and Flour Exports Soar

Canadian exports of wheat and flour (grain equivalent) are approaching a record level and are above the amount previously anticipated for the July 1963-March 1964 period.

The 368 million bushels shipped during these months topped by 58 percent the 233 million bushels exported a year earlier.

Wheat grain accounted for 90 percent of total exports, with the USSR and other Soviet Bloc countries receiving 38 percent of the 331 million bushels shipped. Exports of flour equal to 37 million bushels (grain equivalent) are 83 percent higher than the 20-million-bushel shipments of July 1962-March 1963; the USSR and Cuba received 18 million.

A detailed table and analysis were published in the May issue of the *World Agricultural Production and Trade—Statistical Report.*

Egypt's Tobacco Imports Rise

Egypt's duty-paid imports of unmanufactured tobacco in 1963 totaled 27.4 million pounds, compared with 26.0 million in 1962. The United States supplied 13 million pounds in 1963—up 15 percent from the 11.4 million for 1962.

Other major sources of Egypt's duty-paid tobacco imports in 1963 were as follows: Yugoslavia, 3.1 million pounds; Mainland China, 2.3 million; Bulgaria, 2.2 million; and Greece, 1.8 million. All of these countries supplied more leaf tobacco than in 1962.

EGYPTIAN IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1961	1962	1963 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	9,689	11,382	13,040
Yugoslavia	3,025	2,650	3,089
Mainland China	1,704	1,944	2,319
Bulgaria	1,550	1,766	2,218
Greece	1,731	1,790	1,841
India	1,750	1,448	935
Turkey	1,342	1,486	860
Lebanon	—	—	756
Cuba	—	657	564
USSR	123	348	445
Italy	421	492	410
Syria	1,074	212	13
Japan	—	754	—
Others	2,988	1,041	865
Total	25,397	25,970	27,355

[1] Preliminary; subject to revision.

Turkey's Tobacco Exports Down Sharply

Turkey's tobacco exports dropped to 98 million pounds in 1963—almost half the record total of 200 million reached in 1962. The sharp decline is attributed mainly to the much-below-normal quantities available for export from the 1961 and 1962 crops.

Exports to the United States in 1963, at 52.1 million pounds, were little more than half the 101.8 million shipped to the United States in 1962. Exports to West

Germany, Czechoslovakia, Belgium, and Austria also were well below the quantities shipped to these markets in 1962. There were no exports of tobacco to Italy and Yugoslavia in 1963, whereas in 1962 these two countries took a combined total of about 30 million pounds. Larger shipments were recorded in 1963 to Poland, East Germany, Japan, and the USSR.

TURKEY'S IMPORTS OF UNMANUFACTURED TOBACCO

Country	1961	1962	1963 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	105,061	101,839	52,108
Germany, West	11,279	20,408	10,752
Poland	2,520	4,199	5,302
Germany, East	7,696	2,342	5,049
Czechoslovakia	8,675	9,107	4,471
Switzerland	6,113	3,858	3,739
Japan	2,767	1,726	2,597
USSR	2,405	2,133	2,385
Belgium-Luxembourg	3,867	4,745	2,114
France	12,300	4,141	1,466
Finland	1,863	1,899	1,354
Austria	12,789	2,475	1,160
Norway	597	804	1,131
Netherlands	922	976	657
Italy	5,243	23,824	—
Yugoslavia	—	6,109	—
Others	10,842	9,341	4,047
Total	194,939	199,926	98,332

[1] Preliminary.

Argentines Smoke More Cigarettes

Cigarette sales in Argentina in 1963 totaled 23.8 billion pieces, compared with 23.3 billion in 1962. An increase was recorded last year for light cigarettes, sales of which climbed above 11.8 billion pieces—up from 11.0 billion the previous year. On the other hand, sales of dark cigarettes dropped from 12.3 billion in 1962 to 12.0 billion last year. Sales of filter-tipped brands accounted for 27 percent of the total last year.

U.S. Exports of Soybeans, Edible Oils, Cakes and Meals

U.S. exports of *soybeans* in March, at 13.2 million bushels, were one-sixth below those in February. However, cumulative exports in the first half of the 1963-64 marketing year were 4 percent above those in the same 1962-63 period.

Major destinations in March were Japan, West Germany, the Netherlands, and the United Kingdom with 1.1 million bushels.

Edible oil exports (soybean and cottonseed) in March increased by 18 percent from the previous month. Shipments in the cumulative 6-month period through March were up 2 percent from the corresponding period in 1962-63. (Foreign donation estimates have not been available since December 1963.) A 34-percent gain in October-March shipments of cottonseed offset a 12-percent decline in those of soybean oil.

In March major destinations for U.S. exports of soybean oil were Poland, the United Kingdom (with 8.8 million lb.), the Netherlands, Turkey, and Hong Kong, while cottonseed oil moved largely to the Netherlands, Egypt, West Germany, and Turkey.

March exports of *cakes and meals* dropped by about one-fourth from February; however, cumulative exports through March were 15 percent below those in the first half of 1962-63. March soybean meal exports, accounting for 95 percent of total cakes and meal exports, moved largely to Yugoslavia, France, Canada, and Spain.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, OILSEED CAKES AND MEALS

Item and unit	March 1963 [1]	March 1964 [1]	October-March 1962-63 [1]	October-March 1963-64 [1]
SOYBEANS				
Japan ....million bushels..	5.3	4.1	28.1	28.3
Germany, West ....do....	3.6	3.1	15.2	17.1
Netherlands ....do....	1.0	1.9	14.2	14.2
Canada ....do....	.1	.1	10.1	11.2
Denmark ....do....	1.1	.5	7.0	7.5
Italy ....do....	.2	.4	8.2	6.7
Others ....do....	3.1	3.5	23.1	24.7
Total ....do....	14.4	13.6	105.9	109.7
Oil equiv...mil. lbs...	157.7	149.7	1,162.4	1,205.0
Meal equivalent: 1,000 tons...	337.4	320.4	2,487.8	2,579.0
EDIBLE OILS				
Soybean:				
Commercial:[2]				
Turkey million pounds...	----	7.5	----	51.9
Poland ......do....	----	16.1	----	35.1
Hong Kong ....do....	5.0	4.8	19.4	29.7
Netherlands ...do....	21.6	7.8	14.8	27.7
Colombia .....do....	----	----	.3	27.6
Pakistan ......do....	60.4	----	61.5	26.5
Morocco ....do....	1.4	----	26.9	26.1
Others ....do....	65.0	33.0	308.2	188.5
Total ......do....	153.4	69.2	431.1	413.1
Foreign donations:[3] ...do....	7.8	(4)	38.7	[5].1
Total soybean..do....	161.2	69.2	469.8	413.2
Cottonseed:				
Commercial: [2]				
Germany, W. ...do....	6.6	13.2	29.5	62.9
Netherlands ...do....	18.9	23.4	19.8	60.2
Turkey ......do....	----	7.5	----	33.1
Egypt ....do....	----	23.1	28.1	28.4
Canada ....do....	2.6	1.2	13.9	21.0
Others ....do....	35.2	7.9	92.5	69.8
Total ......do....	63.3	76.3	183.8	275.3
Foreign donations: [3] ..do....	3.9	(4)	20.9	(5) (6)
Total cottonseed .....do....	67.2	76.3	204.7	275.3
Total oils ..do....	228.4	145.5	674.5	688.5
CAKES AND MEALS				
Soybean:				
France ....1,000 tons...	31.0	21.3	124.7	125.1
Spain ....do....	29.3	5.8	77.6	89.4
Canada ....do....	16.4	8.7	132.9	89.1
Yugoslavia ....do....	8.7	31.9	10.9	53.3
Netherlands ......do....	24.2	2.5	131.0	52.1
Belgium ....do....	17.2	1.0	59.0	43.0
Denmark ....do....	8.2	1.1	60.0	42.3
Italy ....do....	13.2	.1	25.0	41.2
Others ....do....	47.4	6.7	152.8	124.8
Total ......do....	195.6	79.1	773.9	660.3
Cottonseed ....do....	6.2	4.1	61.5	28.7
Linseed ....do....	(7)	(7)	33.8	15.9
Total cakes and meals [8] ......do....	201.8	83.2	877.5	705.1

[1] Preliminary. [2] Includes Title I, II, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening exported under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Title III, P.L. 480. [4] If any data not available. [5] Incomplete. [6] Less than 50,000 pounds. [7] Less than 50 tons. [8] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Argentine Peanut Production Rises

The first official estimate places Argentina's 1963-64 peanut production at 363,760 short tons, unshelled. This is

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6 percent above the reduced outturn of 1962-63 but one-fourth below the record 477,300 tons produced in 1961-62.

The area planted to peanuts rose to a record high of almost 883,000 acres in 1963-64 because drought in Cordoba did not permit seeding of winter crops. Output, however, probably was reduced by wet weather in April which delayed the harvest.

Japan Imports More Soybeans, Safflowerseed

Japan's imports of soybeans, safflowerseed, and soybean cake and meal during January-March of 1964 increased sharply in both quantity and value from the same period of 1963. Most of these came from the United States.

JAPAN'S IMPORTS OF SOYBEANS, SAFFLOWERSEED, AND SOYBEAN MEAL

Commodity and major source	1963		January-March 1963		January-March 1964	
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000 metric tons	*Mil. dol.*	*1,000 Metric tons*	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*
SOYBEANS						
United States	[1]1,314.3	[1]143.7	295.0	30.2	356.7	42.9
Total	1,544.4	167.9	349.3	35.7	422.1	50.3
SAFFLOWERSEED						
United States	195.8	22.6	23.5	3.0	54.6	5.9
Total	195.8	22.6	23.5	3.0	54.6	5.9
SOYBEAN CAKE AND MEAL						
United States	3.1	.3	.1	([2])	8.2	.9
Total	3.7	.4	.4	.1	8.2	.9

[1] Revised. [2] Less than $50,000.

Customs Bureau, Ministry of Finance.

Soybean imports, at 422,102 tons (15.5 million bu.), were one-fifth above those in the first quarter of 1963. U.S. beans accounted for 356,711 tons (13.1 million bu.), or about 85 percent of the total. Moreover, 85 percent of the increase in imports from the previous year was in U.S. beans. However, in the first quarter of 1964, U.S. soybeans lost to cotton their 1963 rank as the United States' biggest agricultural money-earner in Japan. (See *Foreign Agriculture,* February 10.)

Safflowerseed imports totaled 54,622 tons, all from the United States. This was more than double last year's imports for the comparable period.

Japan's imports of soybean cake and meal in January-March rose to 8,225 tons, all from the United States, compared with only 406 tons in the first quarter of 1963 and 3,675 in calendar 1963.

Peru Increases Fishmeal Output and Exports

Peru produced and exported more fishmeal through March of this year than in the first 3 months of 1963.

Production, at 496,000 metric tons, was up 58 percent from the 314,000 produced in the same 3 months of 1963, when output was cut by a fishermen's strike in February. Industry overexpansion in the past 2 years, coupled with spotty fishing from some ports, has resulted in a financial crisis in the Peruvian industry. Still, despite the recent closing of some 30 plants (most of them marginal), production was expected to continue high until the seasonal decline in June, barring an early disappearance of fish or a break in the market price.

Exports rose 10 percent over last year's, to 389,000 tons against 355,000, even though a port strike this February held volume down. Stocks at the end of March were expected to have exceeded 260,000 tons.

Philippine Exports of Copra and Coconut Oil

Registered exports of copra and coconut oil from the Philippine Republic in January-April totaled 217,882 long tons, oil equivalent basis—down 3 percent from 225,056 tons for the same period of 1963.

Exports of copra for the 1964 period dropped to 241,294 tons from the 263,769 of the previous year; those of coconut oil rose to 63,454 from 56,244.

CORRECTION: "Shortage of ELS Cotton Sends Prices Soaring." In the title of the story on extra long staple cotton which appeared on page 5 of the May 25 issue, the word "storage" should read "shortage." *Foreign Agriculture* regrets this proofreading error.

The prospect of a continued tightness in the supply of ELS cotton abroad during the 1964-65 season—to which the article refers—may have been accentuated still further if the trade agreement just concluded between Egypt and the USSR commits a larger share of the 1964 Egyptian crop to the Communist countries.